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8 **United States District Court**
9 **Central District of California**
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11 OLGA CURTIS,

12 Plaintiff,

13 v.

14 SHINSACHI PHARMACEUTICAL INC.;

15 SEUNGWOO SHIN; DOES 1–10,

16 inclusive,

17 Defendants.

Case № 2:14-cv-00591-ODW(SSx)

ORDER GRANTING IN PART
PLAINTIFF’S MOTION FOR
DEFAULT JUDGMENT [24]

18 **I. INTRODUCTION**

19 Plaintiff Olga Curtis and Defendants ShinSachi Pharmaceutical Inc. and
20 Seungwoo Shin are competitors in the rather niche tattoo-numbing-cream market.
21 Curtis has purchased products for resale from Defendants in the past and also sold her
22 own products under the names TATTOONUMB, SUPERNUMB, AND
23 DEEPNUMB.

24 But after Curtis started using those marks, Defendants registered them with the
25 United States Patent and Trademark Office and then sent Curtis’s service providers
26 takedown notices alleging copyright and trademark infringement. Curtis brought this
27 action to determine her superior rights to the NUMB marks, cancel Defendants’
28 trademark registrations, and adjudicate the takedown notices and Defendants’

1 interference with her service-provider contracts. Defendants failed to respond, and the
 2 Court entered default. For the reasons discussed below, the Court **GRANTS IN**
 3 **PART** Curtis's Application for Default Judgment.¹ (ECF No. 24.)

4 **II. FACTUAL BACKGROUND**

5 Curtis has her principal place of business in Moscow, Idaho. (FAC ¶ 1.)
 6 ShinSachi is a Canadian corporation with its principal place of business in Vancouver,
 7 British Columbia, Canada. (*Id.* ¶ 2.) Seungwoo Shin is a Vancouver resident.
 8 (*Id.* ¶ 3.)

9 *1. Curtis's NUMB Marks*

10 Curtis first used the term TATTOONUMB on June 25, 2011, SUPERNUMB on
 11 June 12, 2011, and DEEPNUMB on June 16, 2011. (*Id.* ¶ 10; Curtis Decl. Ex. C.) On
 12 February 15, 2014, she obtained a federal trademark registration for NUMBFAST®
 13 from the United States Patent and Trademark Office. (FAC ¶ 12.) She has continued
 14 to use these marks (collectively, the "NUMB Marks") since their first-use dates. (*Id.*
 15 ¶ 13.)

16 Curtis primarily sells her topical anesthetics bearing the NUMB Marks on the
 17 Internet through eBay listings. (*Id.* ¶ 15.) She also promotes and sells her skin creams
 18 bearing the NUMB Marks via her website located at www.numbcreams.com. (*Id.*
 19 ¶ 16.)

20 *2. Defendants' marks*

21 Defendants produce a competing topical anesthetic under the trademark
 22 DR. NUMB. (*Id.* ¶ 18.) Shin, a ShinSachi director, registered the DR. NUMB
 23 trademark with the USPTO. (*Id.* ¶ 19.) Curtis has purchased DR. NUMB products
 24 directly from Defendants and then resold them through her website
 25 www.numbcreams.com. (*Id.* ¶ 21.) Defendants did not retain ownership of the
 26 DR. NUMB creams they sold to Curtis. (*Id.* ¶ 23.)

27
 28 ¹ After carefully considering the papers filed in support of and in opposition to the Motion, the Court
 deems the matter appropriate for decision without oral argument. Fed. R. Civ. P. 78; L.R. 7-15.

1 On February 16, 2012, ShinSachi filed three federal trademark applications
 2 with the USPTO for TATTOONUMB, SUPERNUMB, and DEEPNUMB. (*Id.* ¶ 25.)
 3 ShinSachi listed the first-use dates for each alleged mark as August 11, 2011. (*Id.*) In
 4 February and April 2013, the USPTO issued trademark registrations for each of these
 5 marks. (*Id.* ¶¶ 26–28.)

6 3. *Defendants’ takedown notices*

7 Between 2011 and 2013, Defendants submitted 30 Notices of Claimed
 8 Infringement via eBay’s Verified Rights Owner Program, alleging that Curtis had
 9 committed copyright and trademark infringement via her various eBay listings. (*Id.*
 10 ¶ 36.) Curtis alleges that these listings either involved her own NUMB marks or
 11 products bearing Defendants’ DR. NUMB mark that she purchased from them. (*Id.*
 12 ¶ 39.) These listings did not include any of Defendants’ copyrighted text or graphics.
 13 (*Id.* ¶ 40.) In total, eBay removed at least 140 of Curtis’s listings. (*Id.* ¶ 47.) eBay
 14 also issued “strikes” against her selling account, resulting in less desirable listing
 15 placement. (*Id.* ¶ 49; Curtis Decl. Ex. A.)

16 eBay notified Curtis of each instance of alleged infringement and then removed
 17 her listings. (FAC ¶ 42.) After Curtis contacted Defendants to inquire about the
 18 takedown notices, they informed her that they believed she had engaged in copyright
 19 infringement. (*Id.* ¶ 43.)

20 Curtis submitted several takedown counter-notices to eBay. (*Id.* ¶ 44.) When
 21 Defendants did not file an action challenging the counter-notices, eBay restored some
 22 listings. (*Id.* ¶ 45.)

23 In November 2012, Defendants sent a complaint to Google’s AdWords program
 24 alleging that Curtis was selling counterfeit goods. (*Id.* ¶ 50; Curtis Decl. Ex. A.) As a
 25 result, Google terminated Curtis’s account, and she is still unable to advertise via
 26 AdWords. (FAC ¶ 50.)

27 In 2013, Defendants submitted two complaints to Serversea, the company that
 28 hosts Curtis’s website. (*Id.* ¶¶ 51–52.) Defendants complained of copyright and

1 trademark infringement and that Curtis had engaged in “spamming.” (*Id.* ¶ 51.)
 2 Serversea took down Curtis’s website twice and requested that she explain her actions.
 3 (*Id.* ¶¶ 51–52; Curtis Decl. Ex. A.)

4 *4. Defendants’ websites*

5 Defendants also registered the domain names www.numbfast.com,
 6 www.supernumb.com, and www.deepnumb.com. (FAC ¶¶ 54–57.) On
 7 www.numbfast.com, Defendants write, “Numbfast is no longer available[]” and
 8 “Numbfast is now discontinued! If you need a health-certified numbing cream, use
 9 Dr. Numb!” (Curtis Decl. Ex. B.) On www.deepnumb.com and
 10 www.supernumb.com, Defendants state that DeepNumb and SuperNumb are “under
 11 an FDA recall” and subject to an injunction. (*Id.*) Curtis alleges that these products
 12 are not in fact under an FDA recall or subject to an injunction. (FAC ¶ 57.)

13 *5. Curtis files suit*

14 On January 24, 2014, Curtis filed this action against Defendants. (ECF No. 1.)
 15 She subsequently amended her complaint, alleging declaratory and injunctive relief;
 16 copyright-infringement misrepresentations under 17 U.S.C. § 512(f); federal-
 17 trademark cancellation; federal cyberpiracy under 15 U.S.C. § 1125(d); trade libel;
 18 intentional interference with contract; and intentional interference with prospective
 19 economic advantage. (ECF No. 7.)

20 After Curtis served Defendants in Vancouver (ECF Nos. 13, 14), Defendants
 21 failed to answer or otherwise respond. This Court subsequently entered default, and
 22 Curtis moved entry of default judgment. (ECF No. 24.) That Application is now
 23 before the Court for decision.

24 **III. LEGAL STANDARD**

25 Federal Rule of Civil Procedure 55(b) authorizes a district court to grant default
 26 judgment after the Clerk enters default under Rule 55(a). Local Rule 55-1 requires
 27 that the movant submit a declaration establishing (1) when and against which party
 28 default was entered; (2) identification of the pleading to which default was entered;

1 (3) whether the defaulting party is a minor, incompetent person, or active service
2 member; and (4) that the defaulting party was properly served with notice.

3 A district court has discretion whether to enter default judgment. *Aldabe v.*
4 *Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980). Upon default, the defendant's liability
5 generally is conclusively established, and the well-pleaded factual allegations in the
6 complaint are accepted as true. *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917–
7 19 (9th Cir. 1987) (per curiam) (citing *Geddes v. United Fin. Grp.*, 559 F.2d 557, 560
8 (9th Cir. 1977)).

9 In exercising its discretion, a court must consider several factors, including
10 (1) the possibility of prejudice to plaintiff; (2) the merits of plaintiff's substantive
11 claim; (3) the sufficiency of the complaint; (4) the sum of money at stake; (5) the
12 possibility of a dispute concerning material facts; (6) whether the defendant's default
13 was due to excusable neglect; and (7) the strong policy underlying the Federal Rules
14 of Civil Procedure favoring decisions on the merits. *Eitel v. McCool*, 782 F.2d 1470,
15 1471–72 (9th Cir. 1986).

16 IV. DISCUSSION

17 The Court finds that Shin and ShinSachi received proper notice of this action,
18 are subject to specific personal jurisdiction in California, and are liable on all of
19 Curtis's claims except for trade libel.

20 A. Notice

21 On April 29, 2014, and May 15, 2014, Curtis served Shin and ShinSachi,
22 respectively, in British Columbia, Canada. (ECF Nos. 13, 14.) On June 12, 2014,
23 Curtis requested that the Clerk of Court enter default against Defendants. (ECF
24 No. 16.) Since the Clerk is not authorized to enter default when foreign service is
25 involved, the Clerk referred the Application to this Court. (ECF No. 19.) The Court
26 subsequently authorized the Clerk to enter default against Shin and ShinSachi, finding
27 that Curtis properly served Defendants under the Hague Convention on the Service
28 Abroad of Judicial and Extrajudicial Documents and Canadian law. (ECF No. 21.)

1 Since this Court has already extensively analyzed whether Curtis provided
2 Defendants with proper notice of this action, the Court need not revisit that issue here.

3 **B. Personal jurisdiction**

4 Shin and ShinSachi are both foreign defendants not physically present in the
5 United States—let alone California. The Court must accordingly determine whether it
6 may properly exercise personal jurisdiction over them.

7 District courts have the power to exercise personal jurisdiction to the extent of
8 the law of the state in which they sit. Fed. R. Civ. P. 4(k)(1)(A); *Panavision Int’l,*
9 *L.P. v. Toeppen*, 141 F.3d 1316, 1320 (9th Cir. 1988). California’s long-arm
10 jurisdictional statute is coextensive with federal due-process requirements. Cal. Civ.
11 Proc. Code § 410.10; *Roth v. Garcia Marquez*, 942 F.2d 617, 620 (9th Cir. 1991).
12 Thus, a defendant must “have certain minimum contacts with [the forum state] such
13 that the maintenance of the suit does not offend traditional notions of fair play and
14 substantial justice.” *Int’l Shoe Co. v. Wash., Office of Unemployment Comp. &*
15 *Placement*, 326 U.S. 310, 316 (1945).

16 In tort-based suits like this case, courts must employ the purposeful-direction
17 analysis. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir.
18 2004). Under this analysis—that is, the *Calder* effects test—the defendant must have
19 (1) committed an intentional act; (2) expressly aimed the act at the forum state; and
20 (3) caused harm that the defendant knew was likely to be suffered in the forum state.
21 *Id.* (citing *Calder v. Jones*, 465 U.S. 783 (1984)). The first element requires an “intent
22 to perform an actual, physical act in the real world, rather than an intent to accomplish
23 a result of consequence of that action.” *Brayton Purcell LLP v. Recordon &*
24 *Recordon*, 606 F.3d 1124, 1128 (9th Cir. 2012). To have expressly aimed conduct at
25 the forum state, the defendant must have engaged in wrongful conduct targeting a
26 plaintiff who the defendant knows to reside in the forum state. *Bancroft & Masters,*
27 *Inc. v. Augusta Nat’l Inc.*, 223 F.3d 1082, 1087 (9th Cir. 2000). Finally, Curtis must
28 demonstrate that the individual defendants “caused harm that [they] knew was likely

1 to be suffered in the forum.” *Brayton Purcell*, 606 F.3d at 1131. This element may be
 2 satisfied even if “the bulk of the harm” occurred outside the state. *Yahoo! Inc. v. La*
 3 *Ligue Contre Le Racisme*, 433 F.3d 1199, 1207 (9th Cir. 2006).

4 Curtis alleges that Defendants are subject to personal jurisdiction in California
 5 because they conduct business in California by operating interactive websites
 6 purposefully directed at California residents, selling skin creams to California
 7 residents, and using the Internet to send electronic communications containing false
 8 statements to Curtis’s third-party service providers in California, including eBay,
 9 Google, and PayPal. (FAC ¶ 7.)

10 The Ninth Circuit has not adopted a brightline rule that maintaining a website
 11 directed at forum residents suffices to satisfy the expressly aimed prong. *See Mavrix*
 12 *Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d 1218, 1229 (9th Cir. 2011); *DFSB*
 13 *Kollecative Co. Ltd. v. Bourne*, 897 F. Supp. 2d 871, 883 (N.D. Cal. 2012). But the
 14 court has held that “operating even a passive website in conjunction with ‘something
 15 more’—conduct directly targeting the forum—is sufficient.” *Marvix*, 647 F.3d at
 16 1229. That “something more” may include an interactive website, the “geographic
 17 scope of the defendant’s commercial ambitions,” and “whether the defendant
 18 individually targeted a plaintiff known to be a forum resident.” *Id.*

19 The screen shots of Defendants’ websites do not establish that they are
 20 interactive. They consist merely of text and links to other pages and websites. There
 21 is no ability for visitors to become involved with the content, such as by leaving
 22 comments, actively communicating with Defendants, requesting information, or
 23 otherwise doing more than merely passively reading. Neither is Curtis a California
 24 resident; rather, she is a resident of Idaho. (FAC ¶ 1.) Defendants’ ownership and
 25 maintenance of the websites alone is not sufficient to establish that they expressly
 26 aimed their conduct at California.

27 But Curtis has alleged that Defendants sold tattoo creams bearing the marks in
 28 question in California and sent the allegedly false takedown notices to California

1 companies, thereby creating the brunt of her lost sales. The Court must accept as true
 2 Curtis's allegation that Defendants directed their conduct at California residents,
 3 which thus satisfies the expressly aimed prong. It is not clear where Curtis suffered
 4 all of the harm from Defendants' conduct, but she has at least alleged that she suffered
 5 some harm in California. Most notably, California-based companies such as Google
 6 and eBay either terminated her business accounts or negatively impacted her ability to
 7 advertise and sell online.

8 The Court therefore finds that Shin and ShinSachi are subject to specific
 9 jurisdiction in California.

10 **C. Liability**

11 The Court finds that Curtis adequately pleaded all necessary elements of her
 12 claims except for trade libel, as Curtis has withdrawn that claim.

13 *1. Misrepresentation in DMCA takedown notices*

14 Curtis first moves for default judgment on her claim for misrepresentation in
 15 "takedown notices" sent to eBay, Google, and Serversea. The Digital Millennium
 16 Copyright Act ("DMCA") added a provision dealing with how an Internet service
 17 provider should deal with a copyright holder alleging that a user infringed its
 18 intellectual property. Congress resolved this issue by establishing a takedown-notice
 19 scheme under which a service provider is not subject to liability if it complies with 17
 20 U.S.C. § 512. A copyright holder must comply with various requirements when
 21 sending its notification of claimed infringement to the service provider.
 22 § 512(c)(3)(A). One such requirement establishes that the complaining party must
 23 have "a good faith belief that use of the material in the manner complained of is not
 24 authorized by the copyright owner, its agent, or the law." § 512(c)(3)(A)(v).

25 Congress also provided a remedial scheme for users who are subject to abusive
 26 takedown notices. Under § 512(f), "[a]ny person who knowingly materially
 27 misrepresents under this section . . . (1) that material or activity is infringing, or
 28 (2) that material or activity was removed or disabled by mistake or misidentification,

1 shall be liable for any damages, including costs and attorneys’ fees, incurred by the
 2 alleged infringer.” To be liable under this subsection, the copyright owner must have
 3 “actual knowledge of the misrepresentation.” *Rossi v. Motion Picture Ass’n of Am.*
 4 *Inc.*, 391 F.3d 1000, 1005 (9th Cir. 2004); *Online Policy Grp. v. Diebold, Inc.*, 337 F.
 5 Supp. 2d 1195, 1204 (N.D. Cal. 2004).

6 Curtis alleges that Defendants submitted DMCA takedown notices to eBay,
 7 Google, Google, PayPal, and Serversea complaining of “copyright infringement of
 8 images and/or text owned by Defendants, without specifying any copyright
 9 registration, and without identifying the images or text allegedly used by Plaintiff.”
 10 (FAC ¶ 34.) She further contends that the accused eBay listings “did not include any
 11 of Defendants’ copyrighted text or graphics.” (*Id.* ¶ 40.) Without Curtis having used
 12 any of Defendants’ protected material, she cannot be liable for copyright
 13 infringement, as there is no “work” at issue to infringe. *See* § 102(a). Moreover,
 14 while § 512(f) requires actual knowledge of the infringement misrepresentation, that
 15 requirement is a state of mind that Curtis properly averred generally. *See* Fed. R. Civ.
 16 P. 9(b) (providing that knowledge “may be alleged generally”). Since Curtis
 17 repeatedly alleged that Defendants knew that the takedown notices contained false
 18 infringement allegations, she adequately pleaded all of § 512(f)’s elements.

19 2. Trademark cancellation

20 Curtis next requests that the Court invoke its power under the Lanham Act to
 21 cancel Defendants’ trademarks for TATTOONUMB, SUPERNUMB, and
 22 DEEPNUMB, as she alleges that she used the marks prior to Defendants’ listed first-
 23 use date.

24 The Lanham Act provides that the “owner of a trademark used in commerce”
 25 may request that the USPTO register them. 15 U.S.C. § 1051(a)(1). The Act also sets
 26 forth several other requirements, including what the registrant must include on the
 27 application. § 1051(a).

28 ///

1 Once the USPTO registers a trademark, the registration is “prima facie evidence
 2 of the validity of the registered mark and of the registration of the mark, of the
 3 owner’s ownership of the mark, and of the owner’s exclusive right to use the
 4 registered mark in commerce on or in connection with the goods or services specified
 5 in the certificate.” § 1057(b); *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*,
 6 174 F.3d 1036, 1047 (9th Cir. 1999). But the Act also empowers courts to, among
 7 other things, “determine the right to registration” and “order the cancelation of
 8 registrations . . . with respect to any party to the action.” 15 U.S.C. § 1119.

9 Priority of use is one ground for invalidation. *Sengoku Works Ltd. v. RMC Int’l,*
 10 *Ltd.*, 96 F.3d 1217, 1219–20 (9th Cir. 1996). “It is axiomatic in trademark law that
 11 the standard test of ownership is priority of use. To acquire ownership of a trademark
 12 it is not enough to have invented the mark first or even to have registered it first; the
 13 party claiming ownership must have been the first to actually use the mark in the sale
 14 of goods or services.” *Id.* at 1219. The party claiming to be a senior user must
 15 establish by a preponderance of the evidence that she used the mark in commerce first.
 16 *Id.* “[I]f the non-registrant can show that he used the mark in commerce first, then the
 17 registration may be invalidated.” *Id.* at 1220.

18 Curtis has adduced evidence establishing that she used the marks “DEEP
 19 NUMB,” “SUPER NUMB,” and “TattooNumb” in commerce as of June 17, 2011;
 20 June 12, 2011; and July 22, 2011; respectively. (Curtis Decl. Ex. C.) But ShinSachi
 21 included on its trademark registration for DEEPNUMB a first-use date of August 11,
 22 2011, and a first-use-in-commerce date of February 12, 2012. (*Id.*) For
 23 “SUPERNUMB,” ShinSachi listed the first-use date as August 12, 2011, and
 24 February 5, 2012, as the day first used in commerce. (*Id.*) Lastly, ShinSachi’s
 25 TATTOONUMB registration reflects a first-use date of August 12, 2011, and a first-
 26 use-in-commerce date of February 3, 2012. (*Id.*)

27 Going by the dates themselves, Curtis has established that she used her marks in
 28 commerce prior to ShinSachi. While the marks are not identical—two include spaces

1 between the words and one uses a combination of upper- and lower-case letters—the
 2 marks are similar enough that “a ‘reasonably prudent consumer’ in the marketplace
 3 [would] likely . . . be confused as to the origin of the good or service bearing one of
 4 the marks.” *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th
 5 Cir. 1998); *see also M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1080 (9th
 6 Cir. 2005) (listing “similarity of the marks” as one of the trademark-infringement
 7 factors expounded by the Ninth Circuit in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341
 8 (9th Cir. 1979), *abrogated on other grounds as recognized in Mattel, Inc. v. Walking*
 9 *Mountain Prods.*, 353 F.3d 792, 810 n.19 (9th Cir. 2003)). This is especially true
 10 because both Curtis and ShinSachi only claim the words themselves as a mark and do
 11 not rely on particular colors, fonts, or other design elements that would need to be
 12 similar.

13 The Court therefore finds that based on Curtis’s allegations, she is a senior user
 14 of the DEEPNUMB, SUPERNUMB, and TATTOONUMB marks and that ShinSachi
 15 was accordingly not entitled to register those marks with the USPTO.

16 3. Federal cyberpiracy

17 Curtis additionally brings a claim under the Anti-Cybersquatting Consumer
 18 Protection Act (“ACPA”), 17 U.S.C. § 1125(d), based on Defendants’ registration of
 19 the www.numbfast.com, www.supernumb.com, and www.deepnumb.com domain
 20 names.

21 The ACPA establishes civil liability for “cyberpiracy” “where a plaintiff proves
 22 that (1) the defendant registered, trafficked in, or used a domain name; (2) the domain
 23 name is identical or confusingly similar to a protected mark owned by the plaintiff;
 24 and (3) the defendant acted with bad faith intent to profit from that mark.” *DSPT*
 25 *Int’l, Inc. v. Nahum*, 624 F.3d 1213, 1218-19 (9th Cir. 2010); *see also* 17 U.S.C.
 26 § 1125(d)(1)(A). Congress listed several factors a court may consider in determining
 27 whether a defendant has acted with bad faith, including “the trademark or other
 28 intellectual property rights of the person, if any, in the domain name,” “the person’s

1 intent to divert consumers from the mark owner's online location to a site accessible
2 under the domain name that could harm the goodwill represented by the mark, either
3 for commercial gain or with the intent to tarnish or disparage the mark, by creating a
4 likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of
5 the site," and "the person's registration or acquisition of multiple domain names
6 which the person knows are identical or confusingly similar to marks of others that are
7 distinctive at the time of registration of such domain names." § 1125(d)(1)(B)(i)(I),
8 (V), (VIII).

9 Curtis has established via the Internet Corporation for Assigned Names and
10 Numbers's WHOIS database that ShinSachi registered the domain names
11 supernumb.com and deepnumb.com. (De Almeida Decl. Ex. A.) But numbfast.com
12 was registered by Domains By Proxy, LLC, which appears to be GoDaddy.com's
13 domain privacy service. (*Id.*) While the WHOIS information does not tie
14 numbfast.com to either Shin or ShinSachi, the Court must accept as true Curtis's
15 allegation that Defendants registered numbfast.com through this proxy service.

16 The domain names are also identical or at least confusingly similar to Plaintiff's
17 registered and common-law marks. Numbfast.com is identical to Curtis's federal
18 trademark for NUMBFAST. Deepnumb.com and supernumb.com are also nearly
19 identical to Curtis's common-law marks for DEEP NUMB and SUPER NUMB.

20 Moreover, Defendants blatantly acted with bad faith in registering these three
21 domain names. They published false information, misinforming the public that
22 Curtis's NUMBFAST product "is no longer available" and "discontinued." (Curtis
23 Decl. Ex. B.) They also wrote that SUPERNUMB and DEEPNUMB are "under an
24 FDA recall" and subject to an injunction. (*Id.*) All of this information is untrue. To
25 make matters worse, each accused website then directs visitors to
26 www.DrNumb.com—which belongs to Defendants—thereby diverting business from
27 Curtis.

28 ///

1 The Court thus finds that Defendants violated the ACPA by registering the
2 domain names www.numbfast.com, www.supernumb.com, and www.deepnumb.com.

3 *4. Trade libel*

4 Curtis's trade-libel and intentional-interference claims are creatures of state
5 law. Since Curtis is an Idaho citizen and she has brought her claims in California, the
6 Court must perform a conflict-of-laws analysis between the two states. Federal courts
7 must apply the forum state's choice-of-law rules when dealing with common-law
8 claims over which they have supplemental jurisdiction. *See Nelson v. Int'l Paint Co.*,
9 716 F.2d 640, 643 (9th Cir. 1983).

10 California courts employ a three-style choice-of-law rubric under the
11 governmental-interest approach. *Wash. Mut. Bank, FA v. Super. Ct.*, 24 Cal. 4th 906,
12 919–20 (2001). First, the foreign-law proponent “must identify the applicable rule of
13 law in each potentially concerned state and must show it materially differs from the
14 law of California.” *Id.* at 919. If the laws are materially different, the court must then
15 determine whether each state has an interest in having its law apply. *Id.* at 920.
16 Finally, if both states have an interest, then the court must determine which state's
17 interest would be “more impaired” by applying the other state's law. *Id.*

18 On August 28, 2014, the Court issued an Order to Show Cause to Curtis, noting
19 that it did not appear that Idaho recognized a tort for trade libel. In fact, the Court was
20 unable to find a single Idaho case even mentioning the phrase. In response to the
21 Order, Curtis “unequivocally waive[d] the right to any relief pursuant to their [*sic*]
22 trade libel claim.” (ECF No. 32, at 3 (emphasis omitted).) The Court therefore
23 **DENIES** Curtis's Application on this ground **AS MOOT**.

24 *5. Intentional-interference claims*

25 Since Curtis has not waived her intentional-interference claims, the Court must
26 determine which state's law applies to them. As Curtis pointed out in her Order to
27 Show Cause Response, there are no material differences between Idaho and California
28 law with respect to either intentional interference with contract or intentional

1 interference with prospective economic advantage. Indeed, the torts' elements are
 2 virtually identical in both states. *Compare Bank of N.Y. v. Fremont Gen. Corp.*, 523
 3 F.3d 902, 909 (9th Cir. 2008) (listing elements for contractual interference under
 4 California law); *Westside Ctr. Assocs. v. Safeway Stores 23, Inc.*, 42 Cal. App. 4th
 5 507, 521–22 (Ct. App. 1996) (interference with prospective economic advantage
 6 under California law), *with Barlow v. Int'l Harvester Co.*, 522 P.2d 1102, 1114 (Idaho
 7 1974) (Idaho's intentional-interference elements); *Commerce v. Jefferson Enters.,*
 8 *LLC*, 303 P.3d 183, 191 (Idaho 2013) (interference with prospective economic
 9 advantage under Idaho law). The Court therefore must apply California law. *Wash.*
 10 *Mut. Bank*, 24 Cal. 4th at 920.

11 Under California law, a plaintiff must establish five elements to prevail on an
 12 intentional-interference-with-contract claim: “(1) a valid contract between plaintiff
 13 and a third party; (2) defendant's knowledge of this contract; (3) defendant's
 14 intentional acts designed to induce a breach or disruption of the contractual
 15 relationship; (4) actual breach or disruption of the contractual relationship; and
 16 (5) resulting damage.” *Pac. Gas & Elec. Co. v. Bear Stearns & Co.*, 50 Cal. 3d 1118,
 17 1126 (1990). The elements for intentional interference with prospective economic
 18 advantage are essentially the same, just substituting an economic relationship with a
 19 contract. *Westside Ctr. Assocs.*, 42 Cal. App. 4th at 521–22. But in the latter type of
 20 claim, the interference must be “independently wrongful,” that is, it must be
 21 “proscribed by some constitutional, statutory, regulatory, common law, or other
 22 determinable legal standard.” *Edwards v. Arthur Andersen LLP*, 44 Cal. 4th 937, 944
 23 (2008).

24 Curtis has properly alleged all of the elements for both claims. She indicates
 25 that she had valid contracts with Google and eBay to market and sell her skin creams
 26 and that Defendants knew about these contracts. She contends that Defendants
 27 intentionally submitted false takedown notices to Google and eBay, thereby causing
 28 those service providers to terminate Curtis's contracts with them. Since she was

1 unable to sell her products through these terminated contracts, Curtis consequently
 2 suffered damages. Moreover, she had an interest in continuing to work with Google
 3 and eBay in the future, which Defendants impeded through their intentional conduct.
 4 Finally, those false takedown notices were independently unlawful because the
 5 DMCA proscribes them. Curtis has thus adequately pleaded all necessary elements of
 6 her intentional-interference claims.

7 *6. Declaration of noninfringement*

8 Lastly, Curtis seeks a declaration that she has not infringed Defendants'
 9 DR. NUMB marks by reselling the DR. NUMB products that she purchased from
 10 them. She contends that under the first-sale doctrine, Defendants no longer had any
 11 trademark rights in the products she lawfully purchased and then resold.

12 Since 1924, United States trademark law has recognized the first-sale doctrine.
 13 *See Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924). Under this doctrine, "the right of
 14 a producer to control distribution of its trademarked product does not extend beyond
 15 the first sale of the product. Resale by the first purchaser of the original article under
 16 the producer's trademark is neither trademark infringement nor unfair competition."
 17 *Sebastian Int'l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074 (9th Cir. 1995).

18 To the extent that Curtis lawfully purchased Defendants' DR. NUMB skin-
 19 cream products and then resold them, the first-sale doctrine insulates her from
 20 trademark-infringement liability. Since she alleged that the parties did not have any
 21 agreement to the contrary, once Defendants sold the DR. NUMB products to Curtis,
 22 they lost the ability to control her resale of them. She is therefore not liable for
 23 trademark infringement arising out of her resale as Defendants have apparently
 24 alleged in their takedown notices.

25 **D. Damages**

26 Curtis seeks several different types of relief, including statutory damages,
 27 domain-ownership transfer, trademark cancellation, an injunction, declaratory

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1 judgment, attorneys' fees, and costs. The Court finds that all except for an injunction
2 are appropriate.

3 *I. Statutory damages*

4 Under 15 U.S.C. § 1117(c), a court may award statutory damages between
5 \$1,000 and \$200,000 per counterfeit mark per type of goods or services sold or
6 offered for sale in the case of trademark infringement. Statutory damages serve a
7 generally different purpose than actual damages—that is, they serve to punish and
8 deter infringement. *Nintendo of Am., Inc. v. Dragon Pac. Int'l*, 40 F.3d 1007, 1011
9 (9th Cir. 1994). In determining what amount of statutory damages to award, the Ninth
10 Circuit has repeatedly expressed this deterrence policy, emphasizing that the damages
11 award should make “deliberate acts of trade-mark infringement unprofitable.” *Maier*
12 *Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 123 (9th Cir. 1968); *see*
13 *also Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993);
14 *Playboy Enters., Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1275 (9th Cir.
15 1982).

16 Curtis seeks statutory damages of \$100,000 per website for violation of the
17 ACPA for a total of \$300,000. She contends that the request reflects Defendants'
18 attempt to deceive her by registering the numbfast.com domain name through a proxy
19 service and Defendants' bad faith in registering the three domain names reflecting her
20 common-law and registered marks.

21 A default-judgment situation like this one places both the plaintiff and the Court
22 in the unenviable position of having to assign a value to a defendant's wrongful
23 conduct without the aid of any discovery establishing the extent and full effects of that
24 conduct. But Congress has implicitly recognized that dilemma by empowering the
25 Court to award damages unconnected with actual harm. The Court must therefore fall
26 back on the Ninth Circuit's punitive and deterrence policies undergirding a statutory-
27 damages award.

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1 Shin and ShinSachi's conduct smacks of bad faith. They registered marks
2 previously used in commerce by Curtis likely to thwart Curtis's lawful efforts to sell
3 her tattoo numbing creams—thereby injuring Curtis's business and general robust and
4 friendly competition. But they didn't stop there. They proceeded to register three
5 domain names—one of which included Plaintiff's registered trademark—and post
6 false and disparaging information about Curtis's products on those pages. No one
7 knows the full extent of the harm emanating from Defendants' conduct. But bad faith
8 bleeds from each of Defendants' actions.

9 At the same time, the Court must recognize that Congress set \$200,000 as the
10 maximum statutory-damages award absent entering into willful territory.² But since
11 Curtis's \$100,000-per-website request is only half of the statutory maximum for non-
12 willful infringement, the Court finds that her requested amount is appropriately
13 tailored to the particular circumstances known about Defendants' conduct. The Court
14 accordingly awards Curtis a total of \$300,000.00 in statutory damages for Defendants'
15 ACPA violations.

16 2. *Domain-ownership transfer*

17 Curtis additionally asks the Court to order Defendants to forfeit their
18 www.numbfast.com, www.supernumb.com, and www.deepnumb.com domain names
19 and transfer them to her. The ACPA provides that in “any civil action involving the
20 registration, trafficking, or use of a domain name under [the ACPA], a court may
21 order the forfeiture or cancellation of the domain name or the transfer of the domain
22 name to the owner of the mark.” 15 U.S.C. § 1125(d)(1)(C).

23 The Court has already found that Defendants violated the ACPA by registering
24 www.numbfast.com, www.supernumb.com, and www.deepnumb.com. Since they do
25 not own valid marks represented by those domain names, there is no lawful reason
26 why they could continue to own them. Their past actions indicate that they would

27
28 ² Curtis has not requested an enhanced statutory-damages award for willful conduct. *See* 15 U.S.C. § 1117(c)(2).

likely continue to engage in bad-faith, disparaging conduct. The Court therefore will order that Defendants forfeit those domain names and transfer ownership of them to Curtis. But the Court declines to issue the Order directly to the domain-name registrars, as the registrars are not currently subject to the Court's jurisdiction. That said, the registrars, along with Defendants and those acting in concert with them, may not take any actions to impede or otherwise interfere with the domain-ownership transfer.

3. *Trademark cancellation*

The Lanham Act empowers federal courts to cancel trademark registrations. 15 U.S.C. § 1119. Since the Court found above that Defendants are not entitled to registration of the TATTOONUMB, SUPERNUMB, and DEEPNUMB marks due to Curtis's senior use, the Court finds it appropriate to cancel the marks, Registration Numbers 4290428, 4321983, and 4326072, respectively.

4. *Injunction*

The Lanham Act also permits a court to grant injunctions "according to the principles of equity and upon such terms as the court may deem reasonable" to prevent further trademark infringement. 15 U.S.C. § 1116(a); *Philip Morris USA, Inc. v. Castworld Prods., Inc.*, 219 F.R.D. 494, 502 (C.D. Cal. 2003); *PepsiCo, Inc. v. Cal. Sec. Cans*, 238 F. Supp. 2d 1172, 1178 (C.D. Cal. 2002). For a court to issue a permanent injunction, a plaintiff must demonstrate "(1) actual success on the merits; (2) a likelihood of irreparable injury if injunctive relief is not granted; (3) a balance of hardships favoring Plaintiff; and (4) that an injunction will advance the public interest." *Wecosign, Inc. v. IFG Holdings, Inc.*, 845 F. Supp. 2d 1072, 1084 (C.D. Cal. 2012) (granting a permanent injunction in a trademark-infringement action).

Curtis requests that the Court issue an injunction prohibiting Defendants from sending any other DMCA takedown notices containing infringement allegations or other wrongdoing to Curtis's third-party service providers or vendors. She contends that she has suffered irreparable harm resulting from lost customers, profits, and

1 goodwill. She also asserts that there is no adequate legal remedy to address
2 Defendants' false-infringement claims. Curtis further argues that the balance of
3 hardship weighs in her favor, as false takedown notices result in eBay automatically
4 removing listings. Finally, she contends that the public interest supports an injunction
5 since the false notices have hampered Curtis's ability to sell her products.

6 The Court finds that a permanent injunction is not appropriate in this case for
7 several reasons. The Court is mindful of the Ninth Circuit's position that "[i]njunctive
8 relief is the remedy of choice for trademark and unfair competition cases, since there
9 is no adequate remedy at law for the injury caused by a defendant's continuing
10 infringement." *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th
11 Cir. 1988). But this case is somewhat different from a standard infringement case, as
12 Defendants essentially hijacked Plaintiff's common-law trademarks but did not use
13 them in commerce. Rather, they registered domain names under those marks and
14 posted disparaging information about Curtis's products and sent false takedown
15 notices to her service providers. As established above, the Court has employed
16 several remedies to reverse Defendants' conduct and to prevent future recurrences,
17 including cancelling their trademark registrations, punishing them with hefty statutory
18 damages, and ordering the transfer of their infringing domain names. The availability
19 of those remedies belies the notion that there is no adequate remedy at law to cure
20 Defendants' conduct.

21 The Court is also mindful of the extrajudicial procedure Congress carefully
22 crafted to deal with takedown notices. While a service provider must "respond[]
23 expeditiously to remove, or disable access to, the material that is claimed to be
24 infringing or to be the subject of infringing activity" upon receiving a DMCA
25 takedown notice, 17 U.S.C. § 512(c)(1)(C), the accused infringer has the ability to
26 require the service provider to restore the information by sending a counter-notice,
27 § 512(g)(3). Once the accused infringer complies with the counter-notice provisions,

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1 the service provider must restore the information within 14 days after receiving the
2 notice. § 512(g)(2)(C).

3 So if Defendants continue to send false takedown notices, Curtis can mitigate
4 lost business by submitting counter-notices. If she believes that any future takedown
5 notices include materially false information, she can file another action and request
6 statutory damages—an adequate, though understandably not perfect, remedy at law.

7 The Court also notes that Defendants are located outside the United States and
8 therefore outside the reach of this Court’s jurisdiction. Supervising and enforcing a
9 permanent injunction against them for essentially eternity would be an exercise in
10 futility. *See Natural Res. Def. Council, Inc. v. U.S. E.P.A.*, 966 F.2d 1292, 1300 (9th
11 Cir. 1992) (“Injunctive relief may be inappropriate where it requires constant
12 supervision.”). The justice system certainly does not win when a foreign defendant is
13 able to evade liability, but the long arm of the law can only reach so far.

14 The Court consequently **DENIES** Curtis’s request for a permanent injunction
15 preventing Defendants from filing future false takedown notices.

16 5. *Declaratory judgment*

17 In her proposed judgment, Curtis requests the Court to issue the following
18 language with respect her noninfringement declaration:

19 6. The Court hereby declares that:

20 A. Plaintiff’s purchase and resale of TATTOONUMB,
21 SUPERNUMB, DEEPNUMB, and DR NUMB skin care products
22 in the United States is lawful under the first sale doctrine and does
23 not infringe Defendants’ copyright, trademark, or other rights;

24 B. the continued sale of Ms. Curtis’s products is lawful and does not
25 infringe Defendants’ rights; and

26 C. Plaintiff has not engaged in “spamming” or selling illegal products.

27 (ECF No. 27.)

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1 The Court takes no issue with part A. But the phrase “Ms. Curtis’s products” in
 2 part B is ambiguous and would encompass products Curtis acquired from sources
 3 other than Defendants. The Court thus modified part B to read “the continued sale of
 4 Defendants’ products by Curtis is lawful and does not infringe Defendants’ rights.”

5 Finally, the Court declines to issue part C of the proposed order, as it is too
 6 broad and does not accurately reflect any issues adjudicated in this Order.

7 *6. Attorneys’ fees*

8 Curtis seeks attorneys’ fees under the Lanham Act. The Act provides that the
 9 “court in exceptional cases may award reasonable attorney fees to the prevailing
 10 party.” 15 U.S.C. § 1117(a). The Ninth Circuit has explained that “generally a
 11 trademark case is exceptional for purposes of an award of attorneys’ fees when the
 12 infringement is malicious, fraudulent, deliberate or willful.” *Lindy Pen Co., Inc. v.*
 13 *Bic Pen Corp.*, 982 F.2d 1400, 1409 (9th Cir. 1993). Willful infringement means that
 14 the defendant acted with a “deliberate intent to deceive.” *Id.* at 1406.

15 The Court has no problem finding that Defendants intentionally tried to deceive
 16 the public into believing that they owned the NUMBFAST, SUPERNUMB, and
 17 DEEPNUMB marks and that the products bearing those marks were no longer
 18 available. The fact that the parties in this action are known competitors of each other
 19 also suggests that Defendants acted maliciously, intending to harm Curtis’s business
 20 in order to benefit theirs.

21 Curtis requests \$9,600 in attorneys’ fees based on the attorneys’-fees default-
 22 judgment schedule set forth in Local Rule 55-3. The Court agrees with that
 23 calculation and accordingly awards \$9,600.00 in attorneys’ fees.

24 *7. Costs and interest*

25 As the prevailing party, Curtis is also entitled to costs as set forth in 29 U.S.C.
 26 § 1920, Federal Rule of Civil Procedure 54(d)(1) and Local Rule 54-2. The Court
 27 accepts counsel’s declaration regarding costs and accordingly awards \$978.00 in costs

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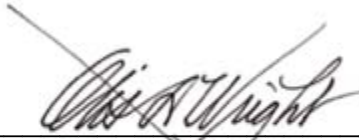
1 to Curtis. Curtis is also entitled to postjudgment interest under 28 U.S.C. § 1961
2 beginning on the date of judgment and calculated as provided in that section.

3 **V. CONCLUSION**

4 For the reasons discussed above, the Court **GRANTS IN PART** Curtis's
5 Application for Default Judgment. (ECF No. 24.) A default judgment will issue.

6 **IT IS SO ORDERED.**

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8 September 9, 2014

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11 **OTIS D. WRIGHT, II**
12 **UNITED STATES DISTRICT JUDGE**
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